

Westminster Social Policy Forum

Keynote Seminar: Policy priorities for housing in England - planning, finance and delivery



If you would like further advice or information on any of the points in this briefing note please contact either [Karl Anders](#) or [Chris Woodthorpe](#). Additionally, if you would like any further information on our Housing Group please visit our [Housing](#) page.

SESSION 1: Chair's opening remarks: The Housing White Paper: implications for home ownership and affordable rent

Alex Morton - Director, Field Consulting and former Advisor to the Prime Minister on Housing, Planning and Local Government

WM NOTES:

Lot of content of White Paper will remain on the agenda for implementation - the Govt's policy will not shift due to the election.

There was some shift in the White Paper from a focus on tenure to delivery of new homes - although still an expectation that two thirds of new housing will be homes for purchase.

Housing now is much more based on a delivery model - Councils are expected to be meeting their local plan housing targets and therefore the Government's focus is on sanctions and also financial incentives to ensure that happens.

There is so much in the White Paper that the Govt will not be able to deliver it all during the term of Parliament. What will be the priorities? In the first 2 years the focus will be on housing delivery and supply (with particular emphasis on encouraging Build To Rent and shared ownership).

Voluntary Right To Buy is also likely to happen - there is a recognition that HAs have set aside the anticipated funds that are likely to come in from this on their balance sheets.

There will be battles between Govt Depts (No 10, Treasury, DCLG) but Housing will be a priority and the Govt will expect generators of new affordable housing (LAs and HAs) to set up their own funding arrangements for new affordable rent and shared ownership developments.

SESSION 2: The policy landscape and current trends in the sector

Professor Christine Whitehead, Emeritus Professor of Housing Economics, London School of Economics and Political Science

WM NOTES:

The White Paper's focus is fundamentally about new housing.

What remains concerning is there is still no big push in terms of delivery coming through the system.

Current output is approx 200,000 new homes per annum

Current Trends - higher densities, higher rise, more affordable, and some Build To Rent also now coming through.

Biggest trend is away from owner occupier to private rent - 50% more of the latter than there was in 2007 and ironically this occurred during a period when Govt policy was to promote owner occupation.

Constraints - Land supply is now the biggest constraint, along with the way in which planning process works. The emphasis is on large sites in urban areas - but delivery speed is the issue. The White Paper tries to address this by reducing planning risk for developers. This is fundamental, as there is a need to sort out planning conditions and the way in which utilities are provided for sites.

Finance availability? - First Time Buyers (FTBs) are on the increase (currently 49% of all mortgages granted are to FTBs - a sign that existing homeowners are not moving home, which impacts on economy at large). FTBs mortgage payments are currently only about 14% of income due to low mortgage rates, so deposit raising is the issue for this part of sector.

Increase Delivery - really need more medium size housebuilders to enter the market who can grow to a large entity. Also need to bring in more Housing Associations into the commercial market (the Govt wants them to do market rent developments, as well as affordable rent and shared ownership).

Other priorities - need a better functioning Private Rented Sector - greater security of tenure and minimum standards of accommodation for tenants.

SESSION 3: Assessing the impact of Brexit on the market

Gráinne Gilmore, Head of UK Residential Research, Knight Frank

WM NOTES:

The Brexit Vote - New buyer demand recovered after it and general sentiment by homeowners is also on the rise.

Sale Market Activity - this has been rising since 2011 but general trend in 2016 is slightly down.

Supply of Homes for Sale - Big downward trajectory in second hand market. This puts pressure on new build. 58% of house builders expect increase in the rate of supply of new homes but their biggest concern is the availability of labour. Some house builders are reacting by stepping up apprenticeship schemes.

The Economy - GDP of the UK economy directly impacts on house prices. But the future looks bright as there is a lot of current investment in London by multinational financial and tech companies, notwithstanding the Brexit vote.

SESSION 4: Financing housing projects beyond EU membership

Ian Fletcher, Director of Policy (Real Estate), British Property Federation

WM NOTES:

Build To Rent perspective from the BPF:

Little impact by Brexit on ability to access finance. Far greater forces at play which are influencing the BTR sector. Still significant quantities of capital out there wanting to invest but struggling to find projects.

BTR starts in 3 months to April are 6% higher than a year ago.

UK has a relatively unique private pension regime - institutions need to allocate funds into solid investments and UK PRS is attractive. The sector is also being driven by an appetite from the public to have a better rental offer.

Recognition now by the Govt in the Housing White Paper that it needs to provide measures to support delivery of new housing via this BTR sector.

70,000 BTR units in UK development pipeline, with 13,000 already delivered.

A lot of future pipeline is to scale - 500 unit plus developments (institutional class) and lots of players in the sector now committed to offer tenants 3 year tenancies.

Prediction - £60bn investment market by 2030. BTR is growing at 4 times the pace of the Student Housing Sector.

SESSION 5: Key issues for social housing: asset management, community investment and implementing Voluntary Right to Buy

Rebecca Sudworth, Director of Strategy and Communications, Peabody Trust

WM NOTES:

Housing Association view - HAs are now major players in provision of new homes in the UK - producing about one third of all new homes.

Govt funding is no longer relied upon a great deal any more - other sources of finance available due to strength of HAs balance sheets.

A long term view is taken in terms of investment strategy - business model is also based on being social innovators (willing to try new concepts and approaches).

Freedom to manage assets in a way that delivers social purpose - HAs are not diametrically opposed to the Right to Buy and recognise it can be a way for residents to take advantage of Govt assistance to become homeowners and a means for HAs to raise funds for new developments.

There is now a more positive and constructive relationship between Govt and HAs re; delivery of new homes.

SESSION 6: Priorities for raising standards and protecting tenants in the private rented sector

Kate Webb, Head of Policy and Research, Shelter

WM NOTES:

The Govt has made good progress in recent years in improving the Private Rented Sector by bringing various measures to deal with Rogue Landlords (ban on retaliatory evictions, Local Authorities can impose banning orders on landlords and LAs can also keep Registers of Rogue Landlords. Fines for breach of HMO legislation have increased - up to £30,000, which can be used to directly fund LA's enforcement services).

In the Private Rented Sector - significant proportion of properties fail the Govt's Decent Homes standard (29%).

Also 7 out of 10 PRS properties fail Shelter's Living Home Standard.

Barriers to further improvement:

Legislative instability and reliance on "amateur" landlords.

Housing Benefit is failing to keep up with rents, which means tenants willing to accept poor quality overcrowded accommodation.

Govt reforms needed are: mandatory training of landlords and also speeding up the Court process for recovery of possession, enhanced security of tenure - 5 year stable rental contracts.

SESSION 7: Planning reform and the potential impact on housing

Richard McCarthy, Executive Director, Central Government, Capita Property and Infrastructure

WM NOTES:

More time is now being devoted by Govt in considering planning performance as this is paramount to hitting delivery targets.

Planning Fees are going up to assist with resourcing of LA planning departments - 20% to be introduced on 1 July 2017. Also, good, efficient planning authorities will be allowed to increase their fees by up to 40%.

The Community Infrastructure Levy is not working properly and needs to be reformed to create more simplicity and clarity.

Affordable Housing - need to simplify the current viability test and also simplify the category of housing that falls within the definition

Build to Rent - can produce sub market rental properties within an individual scheme and is practical and realistic contributor to the totality of housing supply.

Appeals - these should be encouraged and the Govt needs to properly resource Planning Inspectorate as it is a positive part of the planning system. The Govt is bringing in too many cases for SOS decision and these should be left to the Planning Inspectorate.

Local Plans - LAs need to finish these to enable communities to develop and prosper. The Secretary of State will intervene if necessary to approve the plan.

Delivery test - look at performance data over 3 years to see if a Local Authority is meeting DCLG projections. If LAs don't perform they will be put under pressure to allocate more land and also there will be the prospect of the presumption of sustainable development being imposed on them.

SESSION 8: The future for neighbourhood planning: regeneration, land use and compulsory purchase orders

Karen Cooksley, Partner, Winckworth Sherwood

WM NOTES:

May take some time for neighbourhood planning legislation will come into force due to impact of General Election

Compulsory Purchase Powers are in the pipeline to enhance existing powers – to assist with assembling sites for new development. Enthusiasm from Local Authorities to take up these new powers remains to be seen.

If CPO are to work - paramount that there is effective consultation with residents who are subject to the power to ensure community engagement.

Developers need to fully engage with neighbourhood plans from the start.

Delivery of New Towns is to fall within the remit of Local Authorities rather than New Town

Corporations - a signification challenge due to a lack planning resources.

SESSION 9: Challenges for ensuring the supply of new homes

James Knight, Head of Residential, Arcadis

WM NOTES:

Key challenge - skills shortage (on site labour and local authority planning departments)

Up to 200,000 EU construction workers in the sector may leave due to Brexit but we need an additional 400,000.

Govt needs to focus on this issue - it leads to costs inflation in the construction industry. Tender prices are increasing, which impacts on viability. There is also a lack of appetite on the part of contractors to submit to tender process.

The fragmented procurement process and traditional construction methods also add to constraints and make it expensive to build in the UK.

Not enough investment in innovation and technology - due to barriers to investment linked to cyclical nature of the economy, which directly impacts on the housing construction sector.

Opportunities:

Issues can be resolved by collaboration: minimise duplication of effort - JVs with Housebuilders and HAs (50/50 equity share). HA provides the land. This enables development cost to be shared and there are aligned interests.

BTR might also be the key to unlocking delivery of offsite modular manufacturing and assist with innovation and technological development in design and construction.

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